EX PARTE OR LATE FILED

ORIGINAL

ORIGINAL

LAW OFFICES
BROWN NIETERT & KAUFMAN, CHARTERED
SUITE 817
2000 L STREET, N.W.
WASHINGTON, D.C. 20036
TEL (202) 887-0600
FAX (202) 457-0120

RECEIVED

OCT 2 5 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 25. 2002

BY HAND
Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Written *Ex Parte* Presentation;
WT Docket No. 02-55

Dear Ms. Dortch:

Pursuant to Section 1.1206(b)(2) of the Commission's Rules, this written *ex parte* presentation is being filed on behalf of Mobile Relay Associates ("MRA") and served upon the Commission personnel listed below, regarding the above-referenced proceeding.

Please note that MRA is only one Family-owned traditional SMR operator, and that the unreimbursed costs imposed upon it by the so-called Nextel "consensus plan" would be replicated many times over by each other non-Nextel SMR licensee in the channels 1-120 band. both incumbents and all non-Nextel auction **#34** licensees.

An original and one copy of this letter are submitted for inclusion in the file of the ahove-referenced proceeding. Please direct any questions to the undersigned.

Sincerely,

David J. Kaufman

Enclosure
cc: Bryan Tramont
Samuel Feder
Paul Margie
John Branscome
Kathleen O'Brien Ham
Shellie Rlakeney
Michael Wilhelm
Mobile Relay Associates

ORIGINAL

DISCUSSION OF 800 MHz SMR
RELOCATION COSTS
MOBILE RELAY ASSOCIATES

In response to an inquiry from the Commission staff, Mobile Relay Associates ("MRA") has prepared an estimate of its costs of relocation of its SMR channels on channels 1-120 (former General Category) in the 800 MHz band. As discussed below, MRA's cost of relocation to different spectrum would be $1,416,500.

Additionally, MRA acquired its current spectrum precisely because it was: a) allocated exclusively for SMR operations; b) was not interleaved with other types of services; and c) had been advertised by the Commission as uniquely useful for eventual digital, cellular-type operations. Any replacement spectrum would lack these attributes and would therefore have a much lower resale value on the secondary market. This constitutes a separate and additional cost of relocation, which MRA estimates to be $2,160,000.

Thus, MRA's overall cost of forced relocation stemming from the implementation of the so-called "consensus plan" as filed by Nextel, would be $3,576,500.

BACKGROUND

MRA is a family-owned business, licensed for thirty-six 800 MHz SMR channels in Colorado (primarily the Denver metro area), of which eighteen channels are in the 1-120 range targeted for forced relocation under the so-called "consensus plan". These channels are operated as a single system with approximately 3,000 units in service.

MRA also was previously one of the largest 800 MHz SMR licensees in the Los Angeles, California area. MRA remains a provider of dispatch service in Los Angeles; however, MRA sold its California 800 MHz licenses in 1997 to Nextel, and attempted to migrate its California SMR customers to MRA's remaining California spectrum, which is below 512 MHz. MRA's attempt to retain its California dispatch customers in the face of channel relocation was a signal failure -- over one-half the customers churned off MRA's system and over to Nextel. Thus, MRA knows from experience the actual costs and likely chum levels in the event of a forced relocation stemming from the "consensus plan".

COST ASSUMPTIONS

In calculating its costs of relocation, MRA assumed:

1) one-half of customers chum off system;

2) of remaining 1,500 customers, 80% of radios can be retuned, 20% must be replaced;

ORIGINAL

ORIGINAL

3) $35/radio retuning cost, and $395/radio replacement cost (includes not only cost of radio but also programming, tuning, removal of old radio and installation of new radio);

4) for base station locations with five channels or less, $8,000/channel retuning cost;

5) for base stations (El Dorado and Lee Hill) with over five channels, lower incremental retuning cost for channels after the first five, of $400/excess-channel:

6) additional site rental costs for period with both old/new channels transmitted, $42,000;

7) all sites have additional tower space available to accommodate extra transmission equipment during transition, all site owners willing to rent such additional space on a short-term (one-year) basis at same favorable pricing as provided in long-term leases;

8) five-year revenue loss respecting churned customers, no ability to save on costs of service due to long-term nature of site leases and embedded costs of having acquired the licenses for capacity, and fixed nature of other involved costs; and

9) sixty percent difference in value between spectrum beforehand and spectrum after implementation of "consensus plan".

SUMMARY OF UNREIMBURSED AND UNRECOUPED COSTS

Retuning/Replacement of Customer Radios	$160,500
Retuning of Base Stations	$134,000
Additional Site Rental Costs	$42,000
Income Loss Due to Overnight Chum	$1,080,000
Relocation Tuning Costs	$1,416,500
Spectrum Value Loss	$2,160,000
Total Costs Imposed by Consensus Plan	$3,576,500